

**MINUTES OF REGULAR MEETING OF
THE REDEVELOPMENT COMMISSION OF GREENSBORO
TUESDAY, OCTOBER 19, 2004**

REGULAR MEETING

The Redevelopment Commission of Greensboro met in regular meeting in the Plaza Level Conference Room, Melvin Municipal Building, on Tuesday, October 19, 2004 at 5:10 p.m. Present were: Vice Chair Joe Wood, Nettie Coad, Jerry Leimenstoll and Scott Lilly. Dan Curry, Barbara Harris, Dyan Arkin, and Carolina Wells represented the Housing and Community Development Department (HCD). Jim Blackwood, Esq., was present as legal counsel for the Commission.

Vice Chair Wood called the meeting to order, introduced himself, and welcomed everyone to the meeting. He asked that anyone who wished to speak to come up to the microphone, identify themselves, and give their address.

1. APPROVAL OF THE MINUTES OF SEPTEMBER 21, 2004.

Mr. Leimenstoll moved acceptance of the minutes of September 21, 2004 meeting as written, seconded by Ms. Coad. The Commission voted 3-0-1 in favor of the motion. (Ayes: Wood, Coad, Leimenstoll. Nays: None. Abstain: Lilly.)

2. UPDATE ON AMENDMENT ONE. LOCAL OPTION PROJECT DEVELOPMENT FINANCING.

Ms. Wells said on November 2nd, North Carolina voters would decide whether to approve Amendment One, an amendment to the North Carolina State Constitution. The proposed legislation would allow the General Assembly to authorize any city, county or town to borrow money to finance public activities associated with private development projects without utilizing general revenues or other funding. If approved, the City would have a new tool with which to finance redevelopment projects. The areas served would have to be blighted or underserved, eligible for rehabilitation or conservation or eligible for economic development.

How does it work? Generally, cities finance their redevelopment projects through bonds or borrowing of money. Even our Section 108 loans are still loans and come with debt service and principal just like any loan. Any designated PDF area would finance that debt service through the tax increment from the designated geographical area.

Taking the South Elm Street area as an example, staff would go out and assess the tax value of that area and determine that base line value. The City would borrow money to redevelop it. Redevelopment would begin and presumably that tax value would increase. Any increase over that base line value could be put back into the money the City borrowed. So it finances itself as it proceeds. All of the increase would not be used to pay back the funds borrowed since there would be a percentage for schools and other categories so that those categories would not be penalized by the project.

Vice Chair Wood asked how that would play out when cities do not contribute to schools?

Ms. Wells said there was a separate aside to this in that cities and counties can enter into an agreement that the county also would contribute its taxes to the redevelopment area. That would be

by separate agreement. Multiple jurisdictions could enter into these sort of things should they find it to be useful. Then they would split up the repayment according to legislation.

Vice Chair Wood said that since most bonds were for 20 years, at the end of the life of a bond would the increased revenues from the increased property tax values go back to the general fund?

Ms. Wells responded, "Yes." This was the way it would ease the burden on the general fund. Using South Elm as an example, there was \$1,050,000 of general fund revenues committed to the project. If they could use this financing, those general funds would not need to be tapped.

Vice Chair Wood asked what would happen if the increased tax revenue was not enough to make the repayment on the bonds?

Ms. Wells said that happened frequently. The studies that she had seen indicated that the repayment usually takes about 50 to 80 percent of the bonds, but it doesn't always cover it all. The designated jurisdiction that was using this, actually could use other revenues, for instance, parking meter revenues, or any other thing they have authority over, except for sales taxes and other taxes, in the designated area and put it back into the repayment of the bond. They could use other sources and they definitely should have a Plan B and a Plan C in case of the shortfall.

Vice Chair Wood said the cities and counties would already do this with what was called the two-thirds bonds, where they do not have to seek citizens' approval. However much debt was retired, they could authorize up to two-thirds of the bond.

Mr. Curry said the difference was that with all other forms of bonds, the city was pledging its full faith and credit.

Ms. Coad said under this amendment, the City would not be pledging the full repayment on this loan. The repayment was based on the assessments.

Vice Chair Wood asked if the city could be obligated with something less than full faith or credit or the county or whomever to repay them?

Ms. Wells said that was a good question. She was sure they were obligated to repay, but we have a very conservative local government commission. They had never defaulted on a bond, so her guess was that they were not going to issue the bond until they understand how they were going to get the payment back.

Ms. Wells said it was possible that the designated area might not recoup. Then what you have to say was, "Did the community benefit offset that?" We talk about spillover affects in taxes, "Were the people outside the area paying for the designated area and was that fair?" But it could be said that they were also benefiting from the area's redevelopment. She said they could not go into the posture that more people might not have to pay taxes to redevelop a particular area, besides just the people in that area.

Ms. Wells said on the inside of the brochure that she handed to the Commissioners there was a lot more detail and in particular how it impacts how the City manages its redevelopment areas and other areas, such as economic development areas. The City also had to look at the question of, if

this passes, who would administer it. Nationwide almost always it was the Redevelopment Commission or some particular economic development or tax increment commission.

Ms. Wells said there were really two alternatives; it either comes to this Commission or the City develops an entirely different Board to review specifically those sorts of projects. It could mean changing the structure of the Redevelopment Commission or expanding its scope somewhat and possibly increasing its membership to include new levels of expertise. Most of this, as could be seen from the map on the inside page, either would deal very closely with redevelopment areas or with concepts with which this Commission was very accustomed to addressing. But any land assembly or that type thing would be formulated in a means with which this Commission was very familiar in a redevelopment type plan. It would just have an extra element of tax increment financing.

Mr. Leimenstoll asked for some of the rational arguments staff had heard against it.

Ms. Wells said there had been studies that taxpayers at large often ended up paying when the project itself did not pay. She thought if the projections were very sound and there were Plans B and C and people were up-front with the voters about what those plans were she thought any problems would be curtailed. She said 48 States had this and North Carolina could benefit from their mistakes.

In response to a question from Mr. Leimenstoll, Ms. Wells said it was specific as to what taxes or revenues could not be used.

Counsel Blackwood said, unless it was put in there, you would not be pledging the faith and credit of the designated area. He said his law firm did a number of those similarly that was called "tax revenue bonds." They were small industrial revenue bonds before 1986 before the tax law changed. In those, the Commission signed off on the bonds, but did not pledge anything either, except, in effect, the private developer that was benefiting from the project was the one whose funds it was to pay it.

Mr. Leimenstoll said he believed there were a couple of municipalities that were fighting this amendment. He asked if Ms. Wells were aware of that?

Ms. Wells said all the major cities were supporting it. She had not come across who was fighting it. Ms. Wells said Greensboro would have to decide, if it were passed, how the City would implement it. She expected it to be largely developer driven and there would be an application process.

3. OLE ASHEBORO NEIGHBORHOOD. ACQUISITION OF 408 MARTIN LUTHER KING, JR. DRIVE.

Ms. Harris said the Commissioners' packets contained the appraisal and review appraisal for 408 Martin Luther King, Jr. Drive. This property consisted of a vacant lot zoned General Business and measuring approximately 9,796 square feet. The appraiser estimated the value of this property at \$24,500. The review appraised recommended acceptance of the appraisal. The Commission was asked to set an offer price of \$24,500 for this property.

Mr. Leimenstoll moved that the Commission authorize staff to offer the appraised value of \$24,500 for the acquisition of 408 Martin Luther King, Jr. Drive, seconded by Ms. Coad.

In response to a question from Ms. Coad, Ms. Harris said this property was at the corner of Brooks Court.

Vice Chair Wood said since this property was next to the old Salvation Army property, would staff be looking to make this a giant parcel for a redevelopment area?

Mr. Curry said staff was looking to add this to the old Salvation Army property (which the City owns) to make one giant parcel for redevelopment. This was one of two outparcels that would, in effect, complete that large assembly of lots there.

Vice Chair Wood called for a vote on the motion on the floor. The Commission voted 4-0 in favor of the motion. (Ayes: Wood, Coad, Leimenstoll, Lilly. Nays: None.)

4. OLE ASHEBORO NEIGHBORHOOD. ACQUISITION OF 519 ARLINGTON STREET.

Ms. Harris said the Commissioners' packets contained the appraisal and review appraisal for 519 Arlington Street. This property consisted of a vacant lot zoned Light Industrial and measuring approximate 11,750 square feet. The appraiser estimated the value of this property at \$13,000. The review appraiser recommended acceptance of the appraisal. The Commission was being asked to set an offer price of \$13,000 for this property.

Mr. Curry said this was the property immediately below the Music Garden building.

Ms. Harris said Culbreth Blane???? owned the subject property.

Mr. Leimenstoll moved that staff be directed to offer the appraised value of \$13,000 for 519 Arlington Street, seconded by Ms. Coad. The Commission voted 4-0 in favor of the motion. (Ayes: Wood, Coad, Leimenstoll, Lilly. Nays: None.)

5. EASTSIDE PARK NEIGHBORHOOD. REQUEST FOR CONDEMNATION AUTHORIZATION FOR 206 AND 208 YORK STREET.

Ms. Arkin said on June 15, 2004 the Commission set an offer price of \$77,00 for this property. On June 16, 2004 offer letters were sent via certified mail. When no response was received staff followed up with phone calls to the owners who indicated that they did not agree with the opinion of value and wanted to get their own appraisal. On August 5, 2004 owners were notified via certified mail that they should provide their own appraisal by September 8, 2004. To this date, no counteroffer appraisal had been submitted, and no reply had been received from the owners. This property contains a four-unit apartment building on the corner of York and Peachtree Streets. The Commission was asked to authorize condemnation in the amount of the appraised value of \$77,000.

Ms. Coad moved that the Commission authorize condemnation of the property located at 206 and 208 York Street in the appraised value of \$77,000, seconded by Ms. Leimenstoll.

In response to a question from Mr. Leimenstoll, Ms. Arkin said staff had not had a response from the owners and Ms. Harris had spoken with both the owners.

Ms. Harris said she had called the owners three times. The latest call had been on September 13, 2004.

Vice Chair Wood said he would predict that the notice of this condemnation would produce a response from the owners. Then they may produce their counteroffer.

Vice Chair Wood called for a vote on the motion on the floor. The Commission voted 4-0 in favor of the motion. (Ayes: Wood, Coad, Leimenstoll, Lilly. Nays: None.)

6. EASTSIDE PARK NEIGHBORHOOD. UPDATE FROM STAFF.

Ms. Arkin said this would be a very brief update on the Eastside Park Neighborhood. The Commission was in the final year or so with this project and Ms. Arkin presented maps of the area. The two shaded parcels were acquired over the last couple of years for redevelopment. The Commission just authorized condemnation on the final parcel or lot that makes up these two parcels. Staff had begun discussions with the neighborhood about putting together a planning committee in order to get the appropriate public input for what kind of land use might be the right choices for this neighborhood. She said in looking at the map, Spencer Street was at the very bottom of what was considered Eastside Park. Directly across the street was the Willow Oaks Project. So there was a mirror reflection going on right there at the corner. Eastside Park residents had been very involved with the Willow Oaks process so they were really excited about the opportunity to do some resolving of their own again. Staff had invited Mac Sims from East Market Street, because the one parcel was so close to East Market Street and James Cox, the project manager for the lead developer of Willow Oaks, to be on the planning committee. Staff would work with the community to identify the best process for redeveloping these two parcels. They were moving towards closeout of this neighborhood and hoped to have the planning committee meet by early November and by early spring to have a plan in place that staff could bring to the Commission. One of the first tasks for the planning committee would be to review the original 1991 Redevelopment Plan for Eastside Park to see what was originally thought of in these two areas.

Ms. Arkin said the houses that were actually left out of the Plan were being kept up and they were in reasonable shape so they were not added to the acquisition list. When the changes were made the last time to the Redevelopment Plan, several parcels were picked up.

Mr. Lilly said it would be nice to keep this area in the state it was in now, but staff would have to keep on top of Code Enforcement. He said once the Commission was done with it, the Commission would not keep on top of it.

Ms. Arkin said staff had a long-term relationship with the community here and it was a very strong community association with very strong individuals involved in it. She had not closed out a project before, but she was assuming that HCD's relationship with the community would continue; that HCD staff would continue to act in an advisory capacity at their neighborhood association meetings. Actually for this particular community, the Commission still owns the land under the Eastside Park Community Building. Staff would continue to work with the board of that organization as well to act in an advisory capacity. So she saw their relationship with the community continuing.

Mr. Lilly asked if there were no hand-off to the neighborhood association?

Ms. Coad said Mr. Lilly had a good question because there wasn't anything in the Redevelopment process that turned over or gave that community an understanding of their rights of maintenance and improvements. She said that might be an area to look at. What kind of information could be put out there about who was where and how to access resources that might be needed.

Ms. Arkin said that was a very good point and staff had plans to discuss it because they were probably eight or nine months out from having a plan and then the implementation of that plan may take another year after that.

7. WILLOW OAKS NEIGHBORHOOD. UPDATE FROM STAFF.

Ms. Arkin presented the concept plan for the neighborhood community center and said it was very close to being completed, but they still were working on it. The lead developer had two builders with which they were negotiating and they were working toward finalizing contracts in order to get model homes built on the Housing Authority property. The town architect had done the preliminary review of the model homes from one of the builders and was about to get a submittal for the model homes for the second builder. They were about to begin Phase I infrastructure work, and within the next month or so, they should have a bid package out for infrastructure for Phase II, which was the Redevelopment Commission properties that surround the old Housing Authority site.

8. ARLINGTON PARK NEIGHBORHOOD. UPDATE ON 1602 MARTIN LUTHER KING, JR. DRIVE.

Mr. Curry said 1602 MLK is owned by the Redevelopment Commission. Staff was proceeding with completing a work write-up for rehabilitation and they were probably a month out from having bid prices in hand.. The Commission had already authorized transfer to GHDP and GHDP would be responsible for rehabilitation and sale of the property. The house was already on the market and available for sale and staff would still accept a proposal if somebody walked in tomorrow and wanted to buy it and had a viable plan.

Ms. Coad said the price on the house was now \$5,000. However, if they enter into this, then individuals will not have that opportunity again.

In response to a question from Vice Chair Wood, Mr. Curry said Mr. Wood could give the Commission a check for \$5,000 for the property, provided he could provide a complete rehabilitation plan. He said a buyer would have to have a written rehabilitation plan and drawings and they had to have evidence of financing. It would have to be an owner-occupied, single-family house.

Counsel Blackwood said the reason it was being proposed this way was because nobody else wanted to buy it. The economics, if he was not mistaken, were that it was going to cost a lot more to fix it up than it would be worth on the market. That was why the Commission authorized transfer to GHDP, to allow GHDP to go ahead and do the renovation work and then be able to offer it for sale to an owner-occupant versus the Commission having it in hand to contract with contractors to do the work.

Mr. Curry said the contract stipulated that GHDP pay the net proceeds from the sale to the Commission. GHDP will retain ownership of the house, they will pay for the rehabilitation and they will sell it. If there were net proceeds from that sale, it must come back to the Commission.

Ms. Coad she said knew this house had been on the market for a long time, but the sale of 1700 sort of sparked some interest in the other properties.

In response to a question raised by Vice Chair Wood, Counsel Blackwood said the house could not be torn down and a new house built on this property. There were stipulations and requirements that it be sold to homeowners once the renovation was completed. But these homes had historic significance and they were to be preserved. It basically was an uneconomical investment in preserving historic property.

In response to a question from Ms. Coad, Mr. Curry said staff had been attempting to get approval from the State to demolish 605 Bragg Street for a long time, but hadn't gotten it yet. But they were still trying.

Counsel Blackwood said one of the differences between 605 Bragg and 1700 MLK was that 1700 was rezoned to allow the possibility of not being owner-occupied.

In response to a question from Vice Chair Wood, Ms. Coad said she did not think the neighborhood would allow 605 Bragg Street to be rezoned in a like manner as 1700 MLK.

Mr. Curry said one of the options for 1602 MLK was to do an exterior renovation and try to sell it. The reason staff works through GHDP when these types of renovations projects were done was primarily because GHDP had the ability to sell the house in a market transaction where the Commission would have to go through a public bidding process. That seemed to result in a better method of selling properties. Other than that, there really wasn't a whole lot of difference in the process. It would be put out for bids either way, but it was mostly the ability to set a price and sell it to the first person who walks in that wants to pay the price for the property.

In response to a question from Ms. Coad, Mr. Curry said he could not give the specific makeup of the Board of GHDP, but he believed they were appointed by City Council and they include representatives from the City, Greensboro Housing Authority and a number of other members. He told Ms. Coad that he could get her the specific membership of the Board.

Ms. Coad said she had noticed that representation was not very representative of the makeup of the communities on the commissions that make decisions for the communities. She said she thought they should look at the custodians of the land. She thought a lot of that had to do with who you know, who makes references, etc. Just because they were appointed by the City was no excuse because most of the time the City was given some feedback as to who would serve well on the commissions and who had the expertise. Lots of people could learn if they don't have it, but she thought they needed to try to see that people were well represented in their communities.

9. ADDITIONAL BUSINESS.

Vice Chair Wood said he, and he supposed everyone else, had received a copy of the request for proposals on the Brownfields on South Elm.

Mr. Curry said staff sent that out to inform everybody and the Commissioners were on the same list as a bunch of consultants he was trying to get it out to as well. He said the RFQ for the South Elm Master Plan was out. He said November 8 was the deadline for the statements of qualification. Once staff reviewed those statements, a request for proposals would go out. They would have interviews sometime after the first of the year.

Mr. Curry said he did have an item to share about some upcoming meetings. Staff was working on the Five-Year Consolidated Plan and had three meetings coming up, starting Thursday evening. These would be just general informational meetings for citizens to come out and voice their thoughts and ideas about Housing & Community Development activities. Non-City staff would facilitate them. If anyone was interested in attending or knows someone you would like to suggest attend, please contact them and let them know about it.

In response to a question from Mr. Lilly about a case being heard by the Supreme Court, Counsel Blackwood said that case had nothing to do with what this Commission was allowed to do. In Connecticut, even though you have a perfectly wonderful neighborhood, if a developer comes in and wants to put a \$100 million in it, their State laws allow them to impose eminent domain. Our State law defines, first off, that in terms of our exercising eminent domain, they had to go through the process of determining that it was blighted or was subject to possibly becoming that before that authority could be exercised. In areas like College Hill and Rosewood, which were not blighted, in those areas only the specific pieces of property that constitute the likelihood of becoming blighted can you acquire. So North Carolina does not have that law. He said it would not affect them and the U.S. Supreme Court had already ruled in almost all States that have a similar type redevelopment law that we do, that this was a public purpose.

Vice Chair Wood asked Mr. Curry to give the Commission an update soon on what was going on with Gate City CDC.

Mr. Curry said that particular organization, which was a private non-profit organization, was a little different than the quasi-public GHDP, but they were no longer in existence. Their assets had been assimilated by NC A&T and actually A&T had moved into their building and was now operating an Entrepreneurial Community Outreach Center. The City had taken title back on the lots.

Ms. Coad said in light of Amendment One that Ms. Wells briefed the Commission on and the thinking that we might need to expand the Redevelopment Commission, she would like for them to be very mindful of the makeup of the Commission in giving that some thought.

Counsel Blackwood said that responsibility would fall on the City Council. The Council appointed the Commission members.

Ms. Coad said perhaps Council needed to look at all their Commissions and Boards.

Mr. Curry said he thought it was very early in the discussion about Amendment One. If it passes, obviously there would be a whole lot more discussion about how it would be implemented and what role this Commission would have. So there would be a number of opportunities to kind of sort through the issues of how it was going to work and what the role of this Commission would be.

Ms. Coad said she was just speaking for herself on behalf of all these Commissions and Committees. She just thought it was time that they did that.

Mr. Leimenstoll said his question was whether or not it would make sense to have maps that show the layout of the redevelopment areas. If maps were available to the Commissioners and before them when they were discussing these things, he would find it easier to comprehend how a piece fits into the whole. That would certainly be a help to him.

There being no further items before the Commission the meeting was adjourned at 6:20 p.m.

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Respectfully submitted,

Dan Curry, Assistant Secretary
Greensboro Redevelopment Commission

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